

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Pell Origination

Minimum Acceptable Level of Service:

RFMS will process origination records within 24 to 36 hours of submission by school.

Decomposition of Sub-Process: 1. Receive SAR/ISIR								
Core Business Process: Student Aid Origination and Disbursement								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
CPS, MDE, ED Express, school system, 3 rd party servicer, TIVWAN	A school is unable to receive a SAR/ISIR report.	A school that cannot receive a SAR/ISIR report may be unable to determine whether a student is eligible for financial aid.	1/3/2000	High	Low	Med.	<p>To mitigate the risk that a school will be unable to determine a student's eligibility because it cannot receive a SAR/ISIR report:</p> <ul style="list-style-type: none"> ED would develop alternative procedures for creating a SAR/ISIR report. Schools would create forms, templates, and procedures manuals to support manual determination of student eligibility. (i.e. EFC) 	<p>In the event there is a failure in a school's ability receive a SAR/ISIR report:</p> <ul style="list-style-type: none"> ED would permit schools to calculate a student's EFC and other SAR information using regulatory formulas. Schools would use software provided by ED to perform the EFC calculation.

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Pell Origination

Minimum Acceptable Level of Service:

RFMS will process origination records within 24 to 36 hours of submission by school.

Decomposition of Sub-Process: 2. Package student aid								
Business Sub Process: Pell Origination								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
ED Express, School Systems, 3 rd party servicer	A failure in ED Express, in school systems or in the systems of a third party servicer would impair a school's ability to package student aid.	In the event there is a failure in ED Express, in school systems or in the systems of a third party servicer: <ul style="list-style-type: none"> Award amounts cannot be calculated for individual students A student's eligibility for a specific program cannot be determined A school would be unable to determine funding needs 	1/3/2000	High	Undetermined	High	To mitigate the risk that a school would be unable to package aid due to a failure in ED Express, in school systems or a third party system a school would: <ul style="list-style-type: none"> Outsource the financial aid function to 3rd party servicer Negotiate an agreement with a 3rd party servicer to assume this responsibility in the event of a system failure. 	In the event of a failure in ED Express, in school systems or in third party software a school would: <ul style="list-style-type: none"> Revert to manual processing, hire temporary staff, and use templates, forms and detailed procedures manuals for school's to use.

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Pell Origination

Minimum Acceptable Level of Service:

RFMS will process origination records within 24 to 36 hours of submission by school.

Decomposition of Sub-Process: 3. School performs required verification								
Business Sub Process: Pell Origination								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Business Priority Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
ED express, School Systems, 3 rd party servicer	A failure in ED Express, in school systems or in third party software may prevent a school from being able to perform the required verification in the normal manner	In the case of a failure in ED Express, in school systems or in third party software a school's ability to complete the aid awarding process may be adversely affected because it is unable to complete the required verification process.	1/3/2000	High	Undetermined	High	<p>To mitigate the risk that a school would be unable to complete the aid awarding process ED would:</p> <ul style="list-style-type: none"> Waive the verification requirement in anticipation of Y2K failures <p>A school could:</p> <ul style="list-style-type: none"> Outsource the verification process to a 3rd party servicer. Negotiate agreements with 3rd party servicers to assume this function in the event of a system failure. 	<p>In the event there is a failure in a school's ability to perform the required verifications in the normal manner a school would:</p> <ul style="list-style-type: none"> Revert to manual processing, hire temporary staff, and use templates, forms and detailed procedure manuals ED would waive verification requirements temporarily and require schools to perform updates later.

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Pell Disbursement

Minimum Acceptable Level of Service:

Schools receive funds within 7 calendar days.

Decomposition of Sub-Process: 4. Create and send Pell grant origination records								
Business Sub Process: Pell Disbursements								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Business Priority Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
School System, 3 rd party servicer, ED express or RFMS	Schools cannot send origination records to RFMS or receive confirmation that the transactions they sent were processed. As a result ED cannot provide a school with Pell funding information	Schools would not be aware of their funding levels. As a result some fiscal officers may be unwilling to draw down funds based without ED documentation in writing	1/3/2000	High	Undetermined	High	None	Schools can call the toll free 1-8004PGRANT customer service number and fax the school the authorization information on ED letterhead

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Pell Disbursement

Minimum Acceptable Level of Service:

Schools receive funds within 7 calendar days.

Decomposition of Sub-Process: 5. ED calculates authorization amounts							
Business Sub Process: Pell Disbursements							
Scenario Section				Business Priority Section			Possible Options
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	High-Level Contingency Options
RFMS	ED cannot provide school's with an increase in Pell funding to pay eligible students or Provide a Statement of Account	A school would be unable to draw down increased funds from GAPS based on student level data and ED would not be certain of a school's funding needs	1/3/2000	High	Low	Med.	<p>To mitigate the risk that ED could not provide a school with an increase in Pell grant funding ED would:</p> <ul style="list-style-type: none"> • permit all schools to draw down funds prior to 1/1/2000 • process an increase in authorization levels for schools on December 15, 1999 based on ED analysis <p>In the event that a failure in RFMS prevents ED from increasing a schools Pell authorization ED would:</p> <ul style="list-style-type: none"> • manually increase school's authorization amounts as required

Core Business Process II - Student Aid Origination and Disbursement Process
Risk Mitigation and Contingency Options Matrix
Pell Disbursement
Minimum Acceptable Level of Service:
Schools receive funds within 7 calendar days.

Decomposition of Sub-Process: 6. Process disbursement records								
Business Sub Process: Pell Disbursements								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
RFMS	ED cannot provide a school with an increase in Pell funding based on student level data	A school would be unable to draw down funds from GAPS based on revised student level data	1/3/2000	High	Low	Med.	None	In the event that a failure in RFMS prevents ED from processing disbursement records, ED would: <ul style="list-style-type: none"> process authorization increases manually and restore disbursement records to RFMS system when functionality is restored.

Core Business Process II - Student Aid Origination and Disbursement Process**Risk Mitigation and Contingency Options Matrix****Pell Disbursement****Minimum Acceptable Level of Service:**

Schools receive funds within 7 calendar days.

Decomposition of Sub-Process: 7. Analyze and send authorization to GAPS								
Business Sub Process: Pell Disbursements								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
RFMS	ED cannot provide a school with an increase in Pell funding to pay eligible students or Provide Statement of Account	A school is unable to draw down increased funds from GAPS based on revised student level data and ED cannot be certain of funding needs of school.	1/3/2000	High	Low	Med.	None	In the event there is a failure in RFMS that prevents RFMS from updating GAPS regarding a school's funding information ED would convert files to CD-ROM or magnetic tape and deliver to GAPS office in FOB#6

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Risk Mitigation and Contingency Options Matrix
Campus-based Programs
Minimum Acceptable Level of Service:
Institutions will be paid at initial authorization levels for not longer than 30 days.

Decomposition of Sub-Process: 8. Update Statement of Account								
Business Sub Process:: Pell Disbursements								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
RFMS	A failure in RFMS prevents ED from producing an updated Statement of Account	Some Fiscal Officers may be unwilling to draw down funds without this documentation	1/3/2000	High	Low	Med.	None	<p>In there is a failure in RFMS and ED is unable to create an updated Statement of Account ED would:</p> <ul style="list-style-type: none"> process information manually and restore to RFMS system when functionality is restored. request that RFMS customer service FAX updated Statement of Account information on ED letter head to school.

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Risk Mitigation and Contingency Options Matrix
Campus-based Programs
Minimum Acceptable Level of Service:
Institutions will be paid at initial authorization levels for not longer than 30 days.

Decomposition of Sub-Process: 9. Draw down Pell Grant funds								
Business Sub Process: Pell Disbursements								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
School System, 3 rd party servicer	Schools cannot receive confirmation that the transactions they sent were processed or ED cannot provide a school with Pell funding information	<ul style="list-style-type: none"> A school may not be aware of its funding levels. Some fiscal officers may be unwilling to draw down funds without ED documentation. Schools may be unable to receive funds from GAPS 	1/3/2000	High	Undetermined	High	<p>To mitigate the risk that a school may be unable to draw down federal funds a school would:</p> <ul style="list-style-type: none"> Renovate school systems and 3rd part servicer systems for Y2K compliance. <p>To mitigate the risk that a school may be unable to draw down federal funds ED would</p> <ul style="list-style-type: none"> Establish a process for requesting draw downs from GAPS (i.e. telephone web interface) 	In the event there is a failure in school systems or third party systems, schools would make a draw down request via telephone or through the internet interface.

Core Business Process II - Student Aid Origination and Disbursement Process
Risk Mitigation and Contingency Options Matrix
Campus-based Programs
Minimum Acceptable Level of Service:
Institutions will be paid at initial authorization levels for not longer than 30 days.

Decomposition of Sub-Process: 10. Send disbursement records								
Business Sub Process: Pell Disbursements								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
RFMS	ED cannot calculate or edit student records, nor base authorizations on them	Disbursements are not paid to schools based on student records and ED cannot be certain of the funding needs of school.	1/3/2000	High	Low	Med.	None	<p>In the event that there is a failure in RFMS that prevents a school from sending disbursement records ED would:</p> <ul style="list-style-type: none"> • Process authorization increases manually • Have RFMS customer service send back a disbursement acknowledgement on ED letterhead to school.

Core Business Process II - Student Aid Origination and Disbursement Process**Risk Mitigation and Contingency Options Matrix****Campus-based Programs****Minimum Acceptable Level of Service:**

Institutions will be paid at initial authorization levels for not longer than 30 days.

Decomposition of Sub-Process: 1. Schools prepare and send FISAP to ED								
Business Sub Process: Campus-based Programs								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
Campus-based system	A school is unable to return the electronic FISAP to ED for processing	A school would not be able to report previous year activity or apply for campus-based funds in the next award year.	10/1/99	Low	Undetermined	Low	To mitigate the risk that a school would be unable to send its FISAP report to ED due to a Y2K failure a school would prepare and submit the FISAP report early.	In the event that there is a failure in ED's ability to receive and process electronic, FISAP applications ED would accept paper FISAP applications.

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Risk Mitigation and Contingency Options Matrix
Campus-based Programs
Minimum Acceptable Level of Service:
Institutions will be paid at initial authorization levels for not longer than 30 days

Decomposition of Sub-Process:				2. ED calculates awards and returns data to schools for verification/correction				
Business Sub Process:				Campus-based Programs				
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
Campus-based system	ED is unable to process a school's FISAP report and send a copy of FISAP information back to the school for verification	A school may not be able to submit corrections to resolve a discrepancy in information provided to ED	12/15/99	Low	Low	Low	To mitigate the risk that ED would be unable calculate an initial award and return FISAP information to schools ED would process FISAP applications early.	In the event that a failure in the Campus-based system prevents ED from calculating an initial award and returning FISAP information to schools ED would return paper copies of FISAP reports to schools via fax.

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Risk Mitigation and Contingency Options Matrix
Campus-based Programs
Minimum Acceptable Level of Service:
Institutions will be paid at initial authorization levels for not longer than 30 days

Decomposition of Sub-Process: 3. Schools return edits to ED								
Business Sub Process: Campus-based Programs								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
School systems, postal service, internet, Campus-based system	A school is unable to return or ED is unable to receive corrections to a school's FISAP report	A school may not receive the correct Campus-based award because the information provided to ED was not accurate.	1/3/2000	Low	Undetermined	Low	To mitigate the risk that a school cannot return edits to ED, ED would suspend the second round of edits.	In the event that a school cannot send or ED cannot receive a second round of edits to a school's FISAP report, ED would use the school's initial award as the final award and would not accept additional edits.

Core Business Process II - Student Aid Origination and Disbursement Process
Risk Mitigation and Contingency Options Matrix
Campus-based Programs
Minimum Acceptable Level of Service:
Institutions will be paid at initial authorization levels for not longer than 30 days

Decomposition of Sub-Process: 4. ED calculates final awards based on edits								
Business Sub Process: Campus-based Programs								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Business Priority Impact Rating	Business Priority Risk Rating	Business Priority Priority Rating	Risk Mitigation Options	High-Level Contingency Options
TIVWAN, Campus Based System	Tentative awards and final awards for 2000-2001 cannot be calculated <ul style="list-style-type: none"> Edit II files would not be able to be generated to send to schools Accounting files would not be able to be generated for 1999-2000 hold releases for 2000-2001 awards 	Schools won't know their 2001 funding levels and may not be able to plan grants, loans or work study programs <ul style="list-style-type: none"> Schools on hold will not get their 1999-2000 funding after being released from hold in timely fashion Second edits would not be performed 	1/3/2000	High	Low	Med.	To mitigate the risk that ED is unable to calculate final awards ED would: <ul style="list-style-type: none"> Notify schools that their second round of edits will not take place (performing an Edit II is not mandated by Congress). ED would develop a spreadsheet program on a PC to calculate and print final award amounts 	In the event that a failure in ED systems prevents ED from calculating a final award based on the school's edits ED would: <ul style="list-style-type: none"> Manually process 1999-2000 hold releases and send an accounting file to GAPS Calculate tentative awards before 1/1/2000 and use as final awards Schools could rely on previous year funding levels for planning purposes when offering financial aid

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Direct Loan Origination

Minimum Acceptable Level of Service:

Schools receive funds within 7 calendar days. Support for some reporting functions within 90days.

Decomposition of Sub-Process:				1. Receive SAR/ISIR				
Core Business Process:				Direct Loan Origination				
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Business Priority Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
CPS, MDE, ED Express, school system, 3 rd party servicer, TIVWAN	A school is unable to receive a SAR/ISIR report.	A school that cannot receive a SAR/ISIR report may be unable to determine whether a student is eligible for financial aid.	1/3/2000	High	Low	Med	To mitigate the risk that a school will be unable to determine a student’s eligibility because it cannot receive a SAR/ISIR report: <ul style="list-style-type: none">ED would develop alternative procedures for creating a SAR/ISIR report.Schools would create forms, templates, and procedures manuals to support manual determination of student eligibility (i.e. EFC).	In the event there is a failure in a school’s ability to receive a SAR/ISIR report: <ul style="list-style-type: none">ED would permit schools to calculate a student’s EFC and other SAR information using regulatory formulas.Schools would use software provided by ED to perform the EFC calculation.

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Direct Loan Origination

Minimum Acceptable Level of Service:

Schools receive funds within 7 calendar days. Support for some reporting functions within 90days.

Decomposition of Sub-Process: 2. Package student aid								
Business Sub Process: Direct Loan Origination								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Business Priority Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
ED Express, School Systems, 3 rd party servicer	A failure in ED Express, in a school's system or in the systems of a third party servicer would impair a school's ability to package student aid.	In the event there is a failure in ED Express, in a school's system or in the systems of a third party servicer: <ul style="list-style-type: none"> Award amounts cannot be calculated for individual students A student's eligibility for a specific program cannot be determined A school would be unable to determine funding needs 	1/3/2000	High	Undet	High	To mitigate the risk that a school would be unable to package aid due to a failure in ED Express, in school systems or a third party system a school would: <ul style="list-style-type: none"> Outsource the financial aid function to a 3rd party servicer Negotiate an agreement with a 3rd party servicer to assume this responsibility in the event of a system failure. 	In the event of a failure in ED Express, in a school's system or in third party software a school would: <ul style="list-style-type: none"> Revert to manual processing, hire temporary staff, and use templates, forms and detailed procedure manuals.

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Direct Loan Origination

Minimum Acceptable Level of Service:

Schools receive funds within 7 calendar days. Support for some reporting functions within 90days.

Decomposition of Sub-Process: 3. School performs required verification								
Business Sub Process: Direct Loan Origination								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
ED Express, School Systems, 3 rd party servicer	A failure in ED Express, in school systems or in third party software may prevent a school from being able to perform the required verification in the normal manner	In the case of a failure in ED Express, in school systems or in third party software, a school's ability to complete the aid awarding process may be adversely affected because it is unable to complete the required verification process.	1/3/2000	High	Undet	High	<p>To mitigate the risk that a school would be unable to complete the aid awarding process ED would:</p> <ul style="list-style-type: none"> Waive the verification requirement in anticipation of Y2K failures <p>A school could:</p> <ul style="list-style-type: none"> Outsource the verification process to a 3rd party servicer. Negotiate agreements with 3rd party servicers to assume this function in the event of a system failure. 	<p>In the event there is a failure in a school's ability to perform the required verifications in the normal manner a school would:</p> <ul style="list-style-type: none"> Revert to manual processing, hire temporary staff, and use templates, forms and detailed procedure manuals ED would waive verification requirements temporarily and require schools perform updates later.

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Direct Loan Origination

Minimum Acceptable Level of Service:

Schools receive funds within 7 calendar days. Support for some reporting functions within 90days.

Decomposition of Sub-Process: 4. Create and send origination records								
Business Sub Process: Direct Loan Origination								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Business Priority Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
School systems, 3 rd party servicer systems, ED Express	A school is unable to create or send an origination record.	<ul style="list-style-type: none"> Promissory notes cannot be produced by ED for some Option 1 and all Standard Option schools. The LOC is unable to create the anticipated 1 disbursement listing and the anticipated disbursement roster ED is unable to create origination acknowledgements A Direct Loan would not be recorded in LO system until promissory note is received Draw-downs for Option 1 and Standard Option schools would be stopped 	1/3/2000	High	Undet	Undet	To mitigate the risk that a school cannot create and send origination records a school would: <ul style="list-style-type: none"> Obtain most current Y2K compliant version of ED supplied software Consider outsourcing the financial aid function to a 3rd party servicer Negotiate an agreement with 3rd party servicers to assume this function in the event of a system failure Renovate school systems for Y2K compliance 	In the event that a school cannot create and send an origination record ED would: <ul style="list-style-type: none"> Permit Option 1 and Standard Option schools to request funding without requiring an origination record. (A promissory note will be required.) Permit schools to send origination records later when system functionality returns

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Direct Loan Origination

Minimum Acceptable Level of Service:

Schools receive funds within 7 calendar days. Support for some reporting functions within 90days.

Decomposition of Sub-Process: 5. Create promissory note								
Business Sub Process: Direct Loan Origination								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Business Priority Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
School systems, 3 rd party servicer systems, ED Express, LO	A school or ED is unable to create promissory note.	<ul style="list-style-type: none"> ED would not be able to record the existence of a loan A student would not be able to obtain a loan 	1/3/2000	High	Low	Med	To mitigate the risk that ED or a school cannot create a promissory note ED or a Direct Loan school would: <ul style="list-style-type: none"> Obtain most current Y2K compliant version of ED supplied software Outsource financial aid function to 3rd party servicer Negotiate agreements with 3rd party servicers to assume function in the event of a system failure Renovate school systems for Y2K compliance Develop procedures for alternate preparation of promissory notes Create preprinted promissory notes for manual preparation 	In the event that ED or a school are unable to print a promissory note ED would:Manually prepare promissory notes using preprinted forms.

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Risk Mitigation and Contingency Options Matrix

Direct Loan Origination

Minimum Acceptable Level of Service:

Schools receive funds within 7 calendar days. Support for some reporting functions within 90days.

Decomposition of Sub-Process: 6. Process promissory note								
Business Sub Process: Direct Loan Origination								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Business Priority Impact Rating	Business Priority Risk Rating	Business Priority Priority Rating	Risk Mitigation Options	High-Level Contingency Options
School systems, 3 rd party service systems, ED Express, LO	ED or a Direct Loan school is unable to process a promissory note	<ul style="list-style-type: none"> A DL school cannot apply required edits including recheck of eligibility and award adjustment ED cannot establish the existence of a loan ED is unable to perform financial management functions Student is unable to obtain a loan 	1/3/2000	High	Low	Med	None	In the event that ED or a Direct Loan school is unable to process a promissory note ED or the school would: <ul style="list-style-type: none"> Manually process promissory notes Store promissory notes for later processing when systems functionality returns

Core Business Process II - Student Aid Origination and Disbursement Process**Risk Mitigation and Contingency Options Matrix****Direct Loan Origination****Minimum Acceptable Level of Service:**

Schools receive funds within 7 calendar days. Support for some reporting functions within 90days.

Decomposition of Sub-Process: 7. Create Manifest and send with Prom Notes to ED								
Business Sub Process: Direct Loan Origination								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Business Priority Impact Rating	Business Priority Risk Rating	Business Priority Priority Rating	Risk Mitigation Options	High-Level Contingency Options
Postal and telecom infrastructure , school system, 3 rd party service	Direct Loan school is unable to create an electronic manifest	<ul style="list-style-type: none">Promissory notes may not be properly recorded and trackedBatch information not available in electronic form	1/3/2000	Undet	Undet	Undet	None	In the event that a Direct Loan school cannot create and send an electronic manifest the Direct Loan school would manually create manifest to properly identify and track batch contents.

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Direct Loan Disbursement

Minimum Acceptable Level of Service:

Schools receive funds within 7 calendar days. Support for some reporting functions within 90days.

Decomposition of Sub-Process: 1. Analyze funding needs								
Business Sub Process: Direct Loan Disbursement								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
LO or School Systems	A Direct Loan school is unable to analyze its immediate funding needs. (This affects Option 2 schools only.)	The school may be unable to determine the proper draw-down amount or may request an amount in excess of immediate funding needs.	1/3/2000	High	Undet	High	To mitigate the risk that a school cannot determine its immediate funding needs a school would: <ul style="list-style-type: none"> • Renovate school systems for Y2K compliance • Develop procedures for alternate determination of funding requirements • Analyze funding needs in advance of critical Y2K dates and base draw-down request on historical activity. 	In the event that a school cannot determine its immediate funding needs ED would estimate a school's funding needs based on historical activity.

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Risk Mitigation and Contingency Options Matrix

Direct Loan Disbursement

Minimum Acceptable Level of Service:

Schools receive funds within 7 calendar days. Support for some reporting functions within 90days.

Decomposition of Sub-Process: 2. Draw-down funds								
Business Sub Process: Direct Loan Disbursement								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Business Priority Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
LO, GAPS, School Systems ED Express	An Option 2 Direct Loan school is unable to draw-down funds.	The school would not be able to draw down funds for disbursement to students.	1/3/2000	High	Low	Med	<p>To mitigate the risk that a school cannot draw down funds a school would:</p> <ul style="list-style-type: none"> • Renovate relevant school systems for Y2K compliance • Establish a redundant process for requesting a draw-down from GAPS (ie telephone, use web interface) • ED would allow all schools to draw down funds in 1999 for disbursements that the school intends to make in January and February 	<p>In the event that a school cannot request and receive a draw-down request in the normal manner the school would:</p> <ul style="list-style-type: none"> • Have ED draw funds on its behalf. • Make a draw-down request via telephone, or internet whichever is effective • If ED systems fail, ED OCFO can bypass GAPS system and request draw-down directly from U.S. Treasury.

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Direct Loan Disbursement

Minimum Acceptable Level of Service:

Schools receive funds within 7 calendar days. Support for some reporting functions within 90days.

Decomposition of Sub-Process: 3. Disburse funds to students								
Business Sub Process: Direct Loan Disbursement								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
School Systems	A school is unable to disburse funds to students	School cannot disburse funds to eligible students. Students that rely on credit balances for living expenses would not be able to receive needed funds.	1/3/2000	Undet	Undet	Undet	To mitigate the risk that a school would be unable to disburse funds to students a school would: <ul style="list-style-type: none"> • Renovate school systems for Y2K compliance • Establish a redundant process for properly accounting for disbursements • Credit a student's account in December 1999 for disbursements that are intended for January and February (2000). 	In the event that a school is unable to disburse funds to students a school would: <ul style="list-style-type: none"> • Revert to a manual process for identifying /disbursing funds • Record disbursement data in machine readable format and store until systems functionality returns, then restore data to system.

Core Business Process II - Student Aid Origination and Disbursement Process**Risk Mitigation and Contingency Options Matrix****Direct Loan Disbursement****Minimum Acceptable Level of Service:**

Schools receive funds within 7 calendar days. Support for some reporting functions within 90days.

Decomposition of Sub-Process: 4. Return excess cash								
Business Sub Process: Direct Loan Disbursement								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Business Priority Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
School Systems, GAPS	A direct loan school is unable to return excess cash	The inability to return excess cash is a regulatory violation	1/3/2000	High	Undet	High	To mitigate the risk that a school cannot return excess cash to ED a Direct Loan school would: <ul style="list-style-type: none">• Renovate school systems for Y2K compliance• Establish a redundant process to proper account for disbursements, and to reconcile cash on hand.	In the event that a failure in a school's system prevented a school from returning excess cash in a timely manner, a school would use a manual process and mail a handwritten check to ED.

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Direct Loan Disbursement

Minimum Acceptable Level of Service:

Schools receive funds within 7 calendar days. Support for some reporting functions within 90days.

Decomposition of Sub-Process: 5. Report account disbursements								
Business Sub Process: Direct Loan Disbursement								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
ED Express LO School Systems	A direct loan school is unable to report account disbursements	<ul style="list-style-type: none"> Information would not be available to direct loan servicing in a timely manner ED would not be able to perform system balancing ED would not be able to perform financial management functions ED would be unable to return an acknowledgement to the school for reconciliation purposes 	1/3/2000	High	Low	Med	To mitigate the risk that a school cannot report account disbursements a Direct Loan school would: <ul style="list-style-type: none"> Renovate school systems for Y2K compliance Establish a redundant process to properly account for disbursements 	In the event that a school cannot report account disbursements a Direct Loan school would capture data manually or in alternative systems and update ED core systems when functionality returns. In the event ED cannot receive and process account disbursement information. ED would provide information directly to Direct Loan Servicing via tape.

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Direct PLUS Loan

Minimum Acceptable Level of Service:

Promissory Note & Origination Record within 24 Hrs, Credit Check 3 days

Decomposition of Sub-Process: 1. Create a PLUS promissory note								
Business Sub Process: Direct PLUS Loan								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
School systems, 3 rd party servicer systems, ED Express, LO	A Direct Loan school or ED is unable to create PLUS promissory note.	<ul style="list-style-type: none"> ED would not be able to record the existence of a loan A parent borrower would not be able to obtain a loan 	1/3/2000	High	Undet	High	<p>To mitigate the risk that ED or a direct loan school cannot create a combined application and promissory note, a Direct Loan school would:</p> <ul style="list-style-type: none"> Obtain most current Y2K compliant version of ED supplied software Outsource financial aid function to 3rd party servicer Negotiate agreements with 3rd party servicers to assume function in the event of a system failure Renovate school systems for Y2K compliance Develop procedures for alternate preparation of promissory notes <p>And ED would:</p> <ul style="list-style-type: none"> Create preprinted combined application and promissory notes for manual preparation. 	In the event that ED or a Direct Loan school is unable to print a PLUS promissory note, ED, or the school, would manually prepare promissory notes using preprinted forms or a downloadable version available on the web.

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Direct PLUS Loan

Minimum Acceptable Level of Service:

Promissory Note & Origination Record within 24 Hrs, Credit Check 3 days

Decomposition of Sub-Process: 2. Create and send origination record								
Business Sub Process: Direct PLUS Loan								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
School systems, 3 rd party servicer systems, ED Express	A school is unable to create or send an origination record.	<ul style="list-style-type: none"> Promissory notes cannot be produced by ED for some Option 1 and all Standard Option schools. The LOC is unable to create the anticipated disbursement listing and the anticipated disbursement roster ED is unable to create origination acknowledgements A Direct Loan would not be recorded in LO system until promissory note is received Draw-downs for Option 1 and Standard Option schools would be stopped 	1/3/2000	High	Low	Med	To mitigate the risk that a school cannot create and send origination records a school would: <ul style="list-style-type: none"> Obtain most current Y2K compliant version of ED supplied software Consider outsourcing the financial aid function to a 3rd party servicer Negotiate an agreement with 3rd party servicers to assume this function in the event of a system failure Renovate school systems for Y2K compliance 	In the event that a school cannot create and send an origination record ED would: <ul style="list-style-type: none"> Permit Option 1 and Standard Option schools to request funding without requiring an origination record. Permit schools to send origination records later when system functionality returns

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Direct PLUS Loan

Minimum Acceptable Level of Service:

Promissory Note & Origination Record within 24 Hrs, Credit Check 3 days

Decomposition of Sub-Process: 3. Process promissory note								
Business Sub Process:				Direct PLUS Loan				
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
School systems, 3 rd party service systems, ED Express, LO	ED or a Direct Loan school is unable to process a promissory note	<ul style="list-style-type: none"> A DL school cannot apply required edits including recheck of eligibility and award adjustment ED cannot establish the existence of a loan ED is unable to perform financial management functions Student is unable to obtain a loan 	1/3/2000	High	Low	Med	None	In the event that ED or a Direct Loan school is unable to process a promissory note ED or the school would: <ul style="list-style-type: none"> Manually process promissory notes Store promissory notes for later processing when systems functionality returns

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Direct PLUS Loan

Minimum Acceptable Level of Service:

Promissory Note & Origination Record within 24 Hrs, Credit Check 3 days

4. ED requests credit report								
Business Sub Process:				Direct PLUS Loan				
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
LOS, Credit reporting agency systems	ED is unable to request or receive a credit report	<ul style="list-style-type: none"> ED cannot verify that borrower meets the minimum acceptable credit standards The absence of a credit report may cause a delay in processing student application 	1/3/2000	Low	Low	Low	To mitigate the risk that ED cannot request and receive a credit report ED would establish agreements with multiple credit reporting service providers.	In the event that ED cannot request or receive a credit report ED would continue to process the Direct PLUS loan application assuming an acceptable credit history.

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Direct Loan Consolidation

Minimum Acceptable Level of Service:

Time from loan application to payoff of outstanding balances 60-90 days.

Decomposition of Sub-Process: 1. Applicant completes and submits a combined application and promissory note.								
Business Sub Process: Direct Loan Consolidation								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Business Priority Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
Telecom-munications infrastructure or ED Loan Consolidation system	An infrastructure failure prevents applicant from transmitting completed application to ED or an ED core system failure prevents applicant from submitting an electronic application	A consolidation loan would not be created. The consolidation process would end.	1/3/2000	High	Low	Med	To mitigate the risk that a borrower would not be able to complete and submit a combined application and promissory note ED would encourage borrowers to consolidate loans early or to delay consolidation until shortly after January 1, 2000.	In the event that a failure prevents borrowers from submitting, or ED from receiving, a combined application and promissory note, ED would revert to a manual process and accept paper applications through the mail

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Direct Loan Consolidation

Minimum Acceptable Level of Service:

Time from loan application to payoff of outstanding balances 60-90 days.

Decomposition of Sub-Process:				2. EDS, the direct loan consolidation contractor, receives, records, images and performs edits on the submitted application					
Business Sub Process:				Direct Loan Consolidation					
Scenario Section				Business Priority Section			Possible Options		
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options	
ED Loan Consolidation System or, Imaging system	<ul style="list-style-type: none"> ED is unable to receive and process application or is unable to enter information into system, or is unable to electronically screen records; or, ED is unable to image documents 	<ul style="list-style-type: none"> A loan record cannot be created and the consolidation process ends. The required edit checks cannot be applied. The enforceability of a consolidation loan may be legally impaired if a physical document is lost or damaged and a digital image does not exist. 	1/3/2000	High	Low	Med	<ul style="list-style-type: none"> To mitigate the risk that the Loan Consolidation system would be unable to receive or process consolidation loan applications ED would create and maintain a redundant processing capability. To mitigate the risk that the imaging system would be unable to create digital images of loan documents ED would, establish and maintain a redundant imaging system 	<ul style="list-style-type: none"> In the event that a failure occurs in the Direct Consolidation loan core system ED would manually process consolidation loan applications and would apply manual edits. In the event that a failure occurs in the imaging system ED would store combined applications and promissory notes for later processing when systems functionality returns 	

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Direct Loan Consolidation

Minimum Acceptable Level of Service: Time from loan application to payoff of outstanding balances 60-90 days.

Decomposition of Sub-Process: 3. Loan Consolidation System (LCS) generates and sends an inquiry to the IRS								
Business Sub Process: Direct Loan Consolidation								
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Business Priority Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
Loan Consolidation Sub-System	ED system will not support inquiries to Internal Revenue Service.	ED would be unable to determine eligibility of a student to receive an income contingent repayment loan	1/3/2000	High	Low	Med	None	In the event that ED is unable to contact the IRS to obtain a waiver for the purpose of granting Income Contingent Repayment, ED would continue, assigning a standard repayment plan.

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Direct Loan Consolidation

Minimum Acceptable Level of Service: Time from loan application to payoff of outstanding balances 60-90 days.

Decomposition of Sub-Process:				4. Loan Consolidation System (LCS) generates and sends blank verification forms to the various lenders or to federal direct loan servicing				
Business Sub Process:				Direct Loan Consolidation				
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
Loan consolidation system	The loan consolidation system is unable to generate verification forms to send to lenders or, the Direct Loan Servicing system will not accept an electronic verification inquiry.	<ul style="list-style-type: none"> • Verification forms cannot be produced. • Lender inquiries cannot be made in the usual manner. • ED would be unable to determine the outstanding DL amounts or the applicable interest rate. 	1/3/2000	High	Low	Med	To mitigate the risk that the loan consolidation system would be unable to create and send verification inquiries ED would create and maintain a redundant verification process.	<ul style="list-style-type: none"> • In the event that ED is unable to create and send verification inquiries to loan holders ED would research NSLDS system for Direct Loan payoff data and would request payoff verification data directly from Direct Loan Servicing System . • Alternatively, ED would contacting loan holders directly or rely on the applicant's most recent billing statements ..

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Direct Loan Consolidation

Minimum Acceptable Level of Service: Time from loan application to payoff of outstanding balances 60-90 days.

Decomposition of Sub-Process:				5. If the borrower meet the eligibility requirements for a Direct Consolidation Loan, checks for the various payoff amounts will be generated by ED, with funds provided by the Treasury, and sent to the various lenders.				
Business Sub Process:				Direct Loan Consolidation				
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
Loan Cons. System, or US Treasury systems	The ED system is unable to generate payoff checks or cannot support electronic crediting of student DL account	<ul style="list-style-type: none"> Loan balances cannot be paid off in a timely manner. Students are adversely impacted if interest continues to accrue. 	1/3/2000	High	Low	Med	None	<ul style="list-style-type: none"> In the event that ED is unable to generate payoff checks or electronic credits to a student's DL account, ED would store data for processing later when system functionality returns and hold student harmless for additional interest incurred. ED would prepare checks manually and would mail checks to lenders.

Core Business Process II - Student Aid Origination and Disbursement Process

Risk Mitigation and Contingency Options Matrix

Direct Loan Consolidation

Minimum Acceptable Level of Service: Time from loan application to payoff of outstanding balances 60-90 days.

Decomposition of Sub-Process:				6. New loan record is passed to the Central Data System for forwarding to Direct Loan Servicing.				
Business Sub Process:				Direct Loan Consolidation				
Scenario Section				Business Priority Section			Possible Options	
Failure Source	Threat/Failure Scenario	Impact/End Result	Earliest Failure Date	Impact Rating	Risk Rating	Priority Rating	Risk Mitigation Options	High-Level Contingency Options
Loan Cons. System, Central Data System	Consolidation Loan cannot be transferred through CDS to DLSS	The Direct Consolidation Loan cannot be properly booked and information necessary for proper servicing of the loan cannot be passed on to DLSS	1/3/2000	High	Low	Med	To mitigate the risk that a new loan cannot be passed on to the loan servicing system ED would fully renovate the LCS and CDS systems and test for Y2K compliance.	In the event that ED cannot pass a loan record through CDS to Direct Loan Servicing, ED would bypass CDS and transfer information directly to DLSS on magnetic disk.